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October 29, 2001

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: D.T.E. 01-71 – Service Quality Plan for NSTAR

Dear Secretary Cottrell:

In accordance with the directives of the Department of Telecommunications and Energy (the "Department"), Boston Edison Company ("Boston Edison"), Cambridge Electric Light Company ("Cambridge"), Commonwealth Electric Company ("Commonwealth") and NSTAR Gas Company ("NSTAR Gas") (collectively, "NSTAR" or the "Company") hereby file the enclosed modified service quality plan under D.T.E. 99-19.¹ Under separate cover, and in compliance with a letter dated August 22, 2001 from Paul G. Afonso, General Counsel of the Department, the Company is also filing on this date, performance results for the period September 1, 1999 through August 31, 2001.

This service quality plan is filed in accordance with a rate plan approved by the Department in conjunction with the merger of BEC Energy and Commonwealth Energy System. Boston Edison Company, Cambridge Electric Light Company, Commonwealth Electric Company, Commonwealth Gas Company, D.T.E. 99-19 (1999). As part of the rate plan proposal submitted in D.T.E. 99-19, NSTAR included a service quality plan, based on historical performance data. D.T.E. 99-19, at 94-96. The service quality plan was intended to "allow the Department to determine whether there has been a degradation in the companies' service quality as a result of the merger." *Id.* at 98 (citation omitted). In approving a service quality plan for NSTAR, the Department made a number of changes to the design of the proposal and noted that it intended to open a proceeding (D.T.E. 99-84) to consider, on a generic basis, issues relating to service quality plans associated with the Department's authority under G.L. c. 164, § 1E. *Id.* at 101-102.

¹ The enclosed modified plan is based on the Department's guidelines promulgated in D.T.E. 99-84. A second copy of the plan, marked to indicate changes from the Department's guidelines, is also enclosed.

In adopting generic guidelines in D.T.E. 99-84, “the Department recognize[d] that many gas and electric distribution companies presently have [service quality] plans that are independent of PBR [performance-based regulation] mechanisms and that vary from the guidelines established in this proceeding.” D.T.E. 99-84, at 41 (2001). The Department, citing the NSTAR rate plan, among others, directed companies to comply with the guidelines henceforth (or justify a departure from the Department’s guidelines). *Id.* at 41-42. Accordingly, NSTAR submits this service quality plan pursuant to D.T.E. 99-19, modified to comply with D.T.E. 99-84.² Under the plan, NSTAR will establish benchmarks and annually report data on the performance measures consistent with the Department’s guidelines, to the maximum extent possible. As described below, NSTAR’s data on its performance measures is either in compliance or will comply with the requirements of the Department’s guidelines. NSTAR intends to file, in March 2002, benchmarks for each relevant performance measure, which will be based on the most recent performance data available including performance data through calendar year 2001. For the reasons discussed below, NSTAR intends to establish benchmarks on a consolidated, system-wide basis in the future. Appendix A, hereto, is an illustrative example of benchmark calculations performed on a combined basis. NSTAR will make an annual filing each March to update benchmarks where appropriate, report performance data and compare performance data to the relevant benchmarks on a calendar-year basis.³

It should be noted that one of the advantages of the merger of BEC Energy and Commonwealth Energy is the opportunity to consolidate the operations and systems of

² The enclosed service-quality plan is filed under the Department’s authority to approve the NSTAR merger-related rate plan in D.T.E. 99-19, modified to comply with the measure, benchmark and penalty structure adopted generically by the Department in D.T.E. 99-84. Nonetheless, NSTAR has consistently taken the position that the Department’s authority to impose penalties must be expressly delegated to it by the Legislature. Alexander J. Cella, Administrative Law and Practice, 38 M.P.S. § 91, at 211 (1986); Commissioner of Revenue v. Marr Scaffolding Co., 414 Mass. 489, 493 (1993); Commonwealth v. Diaz, 326 Mass. 525, 527, 98 N.E. 2d 666 (1950); Commonwealth v. Racine, 372 Mass. 631, 635-636, 363 N.E. 2d 500 (1977); City of Newton v. Department of Public Utilities, 367 Mass. 667, 678-81 (1975) (the Supreme Judicial Court held that the statutory grant of authority to the Department to regulate and supervise the activities of a company subject to the Department’s jurisdiction does not imply the power to impose a broad system of rate rebates for inadequate service); see also Pender Peanut Corporation v. the United States, 20 Cl. Ct. 447, 453 (1990). The delegation set forth in G.L. c. 164, § 1E, relates only to performance-based rate (“PBR”) plans, and the Department has ruled that merger-related rate freezes are not PBR plans (Eastern-Essex Acquisition, D.T.E. 98-27, at 16 (1998)). Therefore, NSTAR believes that the Department lacks statutory authority to impose penalties on NSTAR in this context. Nonetheless, NSTAR shares the Department’s objective to ensure high-quality service to customers and recognizes that the Department’s guidelines have sought to create a service-quality structure intended to further that objective. Accordingly, and without waiving any legal arguments or rights, NSTAR has incorporated into its modified service-quality plan the penalty provisions contained in the Department’s guidelines.

³ The guidelines require an annual filing no later than March 1 that reports performance from the previous year. See Guidelines at § IX.

what had been four utility companies. This consolidation will enable NSTAR to operate the legacy companies on a single-system basis, which will increase efficiency, achieve synergies and result in long-term benefits for NSTAR customers. These benefits are derived from implementing the "best practices" of each entity and reducing the cost of providing high-quality service. In accordance with NSTAR's consolidation plan, systems and processes for each of the legacy companies is being integrated into a unified structure to the extent possible. The electric transmission and distribution system of NSTAR will be operated as a single system with planning, maintenance and capital-improvement decisions made on an integrated basis. Many operations will be consolidated including customer call centers and the scheduling of service appointments. In addition, the Company would anticipate that the Department's Consumer Division statistics would begin to be developed and tracked on a single NSTAR system-wide basis. For these reasons, NSTAR has reviewed the historical performance data gathered by each of the legacy companies and determined that it is feasible to aggregate that data in a manner that will allow for a single system-wide benchmark to be developed for most of the performance measures established in the guidelines. See Appendix A. The Company will report further on its efforts to consolidate the historical performance data of the legacy companies and create system-wide benchmarks in its March 2002 performance benchmark filing.

Listed below is each performance measure set forth in the enclosed plan and a description of how NSTAR will comply with, or deviate from, the guidelines.

CUSTOMER SERVICE AND BILLING PERFORMANCE MEASURES

- **Telephone Service Factor**

The Telephone Service Factor requires companies to gather data and report statistics on the percentage of telephone calls from consumers that are handled within a time interval consistent with each company's response-time measuring system. Boston Edison began collecting this data in 1995, based on the percentage of calls answered within 20 seconds. In 1996 Boston Edison began collecting data on a 30-second basis as well. Cambridge, Commonwealth and NSTAR Gas have data beginning in 1997, based on calls answered within 30 seconds. In accordance with the Department's guidelines, data for Cambridge, Commonwealth and NSTAR Gas will be collected based on calls answered within 20 seconds and both sets of data will be maintained and reported until five years of information is collected for the new 20-second standard.

Because the consolidation of the call centers for all four companies is close to completion, it is appropriate, on a going-forward basis, to gather and report data based on the performance of the consolidated call center's performance. In addition, the data-gathering system does not differentiate calls by company. Accordingly, NSTAR intends,

in the future, to report the Telephone Service Factor based on an NSTAR single-system basis. It is NSTAR's current plan to develop and report an appropriate consolidated benchmark for this factor in the March 2002 filing.

- **Service Appointments Met as Scheduled**

NSTAR has not historically gathered data on the number or percentage of service appointments met by Company personnel as scheduled. The Company will begin compiling statistics on the percentage of service appointments⁴ met by Company personnel, excluding appointments missed by the customer. A service appointment will be considered to be a mutually agreed upon arrangement for service between the customer and the Company where the arrangement specifies the date for the Company's personnel to perform a service activity that requires the presence of the customer at the time of the service. Annual reports will include this data as it is compiled and, in accordance with the Department's guidelines, benchmarks will be established after three years when the requisite amount of data has been accumulated.

- **On-Cycle Meter Readings**

The guidelines require the reporting of data on the percentage of meters that are actually read by the company as scheduled according to the normal meter-reading cycle.⁵ Boston Edison began to collect data on this measurement in 1996. Cambridge, Commonwealth and NSTAR Gas began compiling the data in 1997. NSTAR will report data on this performance measurement in accordance with the Department's guidelines. This benchmark will be modified each year by adding an additional year of data until data for ten years is accumulated.

CUSTOMER SATISFACTION PERFORMANCE MEASURES

- **Consumer Division Cases**

Under the guidelines, the performance measure relating to customer complaints filed with the Department's Consumer Division is based on data compiled and reported by the Department.

⁴ Service appointments include meter turn-ons and turn-offs; read-ins and read-outs; disconnects and reconnects; billing investigations; locks and unlocks; meter changes, exchanges, tests verifications and replacements; and special meter reads.

⁵ Although the guidelines indicate that the meter cycle is monthly, the Department's regulations do not require monthly readings (220 C.M.R. 25.02(2)), and some NSTAR customers were on a bi-monthly schedule in the past. Starting in June 2001, all NSTAR customers are on monthly reading cycles. Data on compliance with this measurement is based on the normal reading cycle for the customer, not necessarily a monthly cycle.

- **Billing Adjustments**

Under the guidelines, the performance measure relating to billing revenue adjustments resulting from Departmental intervention in a billing dispute with a residential customer is based on data compiled and reported by the Department.

- **Consumer Surveys**

NSTAR will comply with the requirements of the Department's guidelines to conduct annual surveys of (1) a statistically representative sample of residential customers and (2) randomly selected customers who have contacted the company's customer service department during the year. The surveys will be conducted by Research International, an independent research firm with experience conducting these types of surveys. Research International is currently under contract by the Edison Electric Institute to conduct representative national customer satisfaction benchmarks for the American electric utility industry. The first survey will be based on a sample of 700 residential customers, which will be reliable within ± 3.7 points at a 95 percent confidence level. The survey of randomly selected customers who have recently contacted NSTAR will involve interviews in 2002 with 900 residential customers. The results from a sample of 900 interviews with contacting customers are reliable to within ± 3.3 points at the midrange of the 95 percent confidence level. The results of the surveys will be reported to the Department annually.

SAFETY AND RELIABILITY PERFORMANCE MEASURES

- **SAIDI and SAIFI for Electric Companies**

The Department's guidelines require that electric companies report data on their System Average Interruption Duration Index ("SAIDI") and System Average Interruption Frequency Index ("SAIFI"). Boston Edison, Cambridge and Commonwealth have collected and maintained data for both SAIDI and SAIFI for periods in excess of five years, and will report data on an annual basis as required by the Department's guidelines. As a result of the merger, changes were made to the Company's operating and maintenance procedures as well as its planning process to ensure that electric transmission and distribution system activities of the legacy companies are conducted on an integrated single-system basis. Accordingly, the Company anticipates that it will propose in its March 2002 filing to measure SAIDI and SAIFI performance on a system-wide basis and it will aggregate the most current historical performance data to propose system-wide SAIDI and SAIFI benchmarks against which performance data will be compared annually.

- **Lost Work Time Accident Rate**

NSTAR will comply with the requirements of the Department's guidelines to report on the Incidence Rate of Lost Work Time Injuries and Illness per 200,000 Employee Hours, as defined by the U.S. Department of Labor Bureau of Labor Statistics. These data have been compiled and maintained by NSTAR since 1991, and will be reported annually. Because these statistics are maintained and reported to the U.S. Department of Labor Bureau of Labor Statistics separately for NSTAR Electric and NSTAR Gas they will be reported separately for the purpose of this service quality measure.

- **Response to Odor Calls**

The Department's guidelines require all gas companies to submit data on the percentage of Class I and Class II odor calls that are responded to within one hour. NSTAR Gas will comply with the guidelines and report the data on an annual basis.

- **Other Reporting Requirements**

The Department's guidelines require companies to file, on an annual basis, performance-related information that is not part of a formal performance measure or requires the calculation of historical benchmarks. NSTAR will comply with the guidelines by submitting the following data (as defined in the guidelines) as part of its annual reports:

- Customer Average Interruption Duration Index ("CAIDI") (for electric operations)
- Damage to company-owned property in excess of \$50,000 per incident (for electric operations)
- Restricted Work Day Rate
- Electric Distribution Line Loss
- Unaccounted for Gas
- Excludable Major Events (major electrical outage events excluded from calculation of SAIDI, SAIFI and CAIDI)
- Major Capital Investments in Transmission and Distribution Infrastructure
- Spare Component Acquisition and Inventory Policy and Practice
- Poor Performing Circuits (for electric operations)

In addition, NSTAR will continue to report, on an ongoing basis, electrical distribution and transmission outages consistent with the Department's new Outage and Accident Reporting Procedures.

- **Staffing Requirements**

In its March 2002 filing, NSTAR will provide available historical data regarding employee staffing levels.

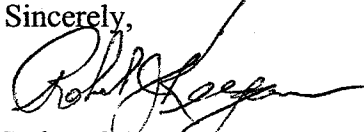
- **Customer Service Guarantees**

NSTAR has had a program in place since 2000 that pays customer service guarantees, similar to those included in the guidelines. NSTAR credits the customer's account by \$25.00 if a meter reading is inaccurate, if the Company knowingly fails to inform a customer that it will be more than 30 minutes late for a service appointment, if there is an error in the direct payment or pay-by-phone billing systems, if NSTAR fails to inform a customer of a scheduled service interruption or if NSTAR does not respond to a billing question by the next business day. In addition, if a new residential service line is not connected by the agreed date (after all permits are received), the first month's bill is free (minimum \$25, maximum \$100). NSTAR intends to comply with the requirement for customer service guarantees by continuing this program in the future.

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Thank you for your attention to this matter. Please contact me if you have any questions regarding this submission.

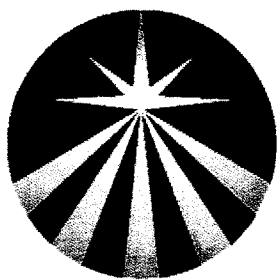
Sincerely,



Robert J. Keegan

Enclosures

cc: Chairman Connelly
Commissioner Keating
Commissioner Vasington
Commissioner Sullivan
Commissioner Manning
Paul G. Afonso, General Counsel
David O. Connor, Division of Energy Resources
Joseph W. Rogers, Assistant Attorney General
Charles Harak, Esq.
William S. Stowe, Esq.



NSTAR
ELECTRIC
GAS

SERVICE QUALITY PLAN

October 29, 2001

NSTAR SERVICE QUALITY PLAN**1. GENERAL****A. Provisions**

The following provisions will apply to Boston Edison Company, Cambridge Electric Light Company, Commonwealth Electric Company ("NSTAR Electric") and NSTAR Gas Company.

B. Definitions

"Billing Adjustment" will mean a revenue adjustment amount resulting from Departmental intervention in a billing dispute between NSTAR and a residential customer.

"Circuit" will mean a conductor or system of conductors through which an electric current is intended to flow.

"Class I Odor Call" will mean those calls that relate to a strong odor of gas throughout a household or outdoor area, or a severe odor from a particular area.

"Class II Odor Call" will mean calls involving an occasional or slight odor at an appliance.

"Company" or "Companies" will refer to NSTAR Electric and NSTAR Gas, unless otherwise indicated.

"Complaint" will mean a formal complaint to the Consumer Division of the Department wherein the Consumer Division creates a systems record with a customer's name and address.

"Consumer Division Case" will mean a written record opened by the Consumer Division of the Department in response to a Complaint that meets the criteria set forth in Section III.A.

"Customer Average Interruption Duration Index" or "CAIDI" will mean the total duration of customer interruption in minutes (as calculated by application of Section V) divided by

the total number of customer interruptions, expressed in minutes per year. CAIDI characterizes the average time required to restore service to the average customer per sustained interruption during the reporting period.

“Customer Equipment Outage” will mean an outage caused by customer operation or the failure of customer-owned equipment.

“Department” will mean the Department of Telecommunications and Energy.

“Electric Distribution” will mean the delivery of electricity over lines that operate at a voltage level typically equal to or greater than 110 volts and less than 69,000 volts to an end-use customer within the NSTAR Electric service territory.

“Electric Distribution Facility” will mean plant or equipment used for the distribution of electricity that is not a transmission facility, a cogeneration facility, or a small power production facility.

“Electric Distribution Feeder” will mean a distribution facility circuit conductor between the service equipment, the source of a separately derived system, or other power-supply source and the final branch-circuit overcurrent device.

“Electric Distribution Line Loss” will mean the electrical energy that is lost in the distribution system. Such loss includes (1) energy that is lost directly due to the delivery of electrical energy and results from the physical properties of the system’s wires and transformers and other incidental substation use, and (2) energy that is lost because of diversion, theft, and other unmetered use.

“Electric Distribution Service” will mean the delivery of electricity to the customer by the electric distribution company over lines that operate at a voltage level typically equal to or greater than 110 volts and less than 69,000 volts.

“Emergency Call” will mean a telephone call where the caller believes that he or she is confronting special circumstances that might lead to bodily and/or system-related damage if the circumstances remain unaddressed. Examples include, but are not limited to, downed wires, gas leaks, and gas odor reports.

“Excludable Major Event” will mean a major outage event that meets one of the following criteria: (i) the event is caused by earthquake, fire, or storm of sufficient

intensity to give rise to a state of emergency being proclaimed by the Governor (as provided under the Massachusetts Civil Defense Act); (ii) any other event that causes an unplanned interruption of service to 15 percent or more of the electric distribution company's customers in an operating area; or (iii) an event that results from the failure or disturbance of a transmission, power supply, or other system that is not owned or operated by the electric distribution company. Notwithstanding the foregoing criteria, an extreme temperature condition would not constitute an Excludable Major Event.

"Lost Work Time Accident Rate" will mean the Incidence Rate of Lost Work Time Injuries and Illness per 200,000 Employee Hours as defined by the U.S. Department of Labor Bureau of Labor Statistics.

"Meter Reading" will mean the act of manually or automatically acquiring customer-specific usage levels of an energy resource, expressed in numerical units, for a defined period by actually consulting the customer's meter.

"Momentary Outage" or "Momentary Interruption" will mean an outage or interruption of electric service of less than one minute.

"Non-emergency Call" will mean all telephone calls other than emergency calls.

"NSTAR Electric" will mean Boston Edison Company, Cambridge Electric Light Company and Commonwealth Electric Company.

"NSTAR Gas" will mean NSTAR Gas Company.

"Operating Area" will mean a geographical subdivision of each electric distribution company's franchise territory as defined by the electric distribution company. These areas may also be referred to as regions, divisions, or districts.

"Planned Outage" will mean an outage that is scheduled by the utility and of which customers are notified in advance, including, for example, during the connection of new customers or to ensure the safe performance of maintenance activities.

"Poor Performing Circuit" will mean any distribution feeder that:

- (i) has sustained a circuit SAIDI or SAIFI value for a reporting year that is among the highest (worst) ten percent of that utility's feeders for any two consecutive reporting years; or

- (ii) has sustained a circuit SAIDI or SAIFI value for a reporting year that is more than 300 percent greater than the system average of all feeders in any two consecutive reporting years.

“Restricted Work-Day Rate” will mean the Incidence Rate of Restricted Work cases per 200,000 Employee Hours as defined by the U.S. Department of Labor Bureau of Labor Statistics.

“Service Appointment” will refer to a mutually agreed upon arrangement for service between the Company and the customer that specifies the date for the Company’s personnel to perform a service activity that requires the presence of the customer at the time of service.

“Service Interruption To A High-profile Customer” will mean an outage that has a reasonable probability of involving a high-profile customer, including a hospital, airport, or large manufacturing, commercial, or institutional customer (who has a demand of 1 megawatt or greater).

“System Average Interruption Duration Index” or “SAIDI” will mean the total duration of customer interruption in minutes (as calculated by application of Section V herein) divided by the total number of customers served by the distribution system, expressed in minutes per year. SAIDI characterizes the average length of time that customers are without electric service during the reporting period.

“System Average Interruption Frequency Index” or “SAIFI” will mean the total number of customer interruptions divided by the total number of customers served by the distribution system, expressed in interruptions per customer per year. SAIFI characterizes the average number of sustained electric service interruptions for each customer during the reporting period.

“Sustained Outage” or “Sustained Interruption” will mean an outage or interruption of electric service that lasts at least one minute and is not classified as a momentary outage.

“Transmission and Distribution Revenues” will mean revenues collected through the base rates of a transmission and distribution company.

“Unaccounted-for Gas” will mean the reduction in the quantity of natural gas flowing through a pipeline that results from leaks, venting, and other physical and operational

circumstances on a pipeline system. Unaccounted-for Gas is also referred to as a line loss.

“Year” will mean calendar year unless otherwise noted.

C. Benchmarking

The historical average and standard deviation for benchmarking will be based on the ten most recent years worth of data. This will be a fixed average for the duration of the service-quality plan. Where ten years worth of information is not available, the Company will use the maximum number of years of data available, so long as three years are available. As the Company collects additional data, that data will be included in benchmarking until ten years worth of data is collected.

For SAIDI and SAIFI, the historic average and standard deviation for benchmarking will be based on data from the most recent five years prior to the start of the service-quality plan.

II. CUSTOMER SERVICE AND BILLING PERFORMANCE MEASURES

A. Telephone Service Factor

The Company will gather data and report statistics on its handling of telephone calls. Call data will be compiled and aggregated monthly. Reporting will occur annually. The reports will be submitted in accordance with Section IX below. The Company will report the percentage of telephone calls that are answered within a time interval that is consistent with its existing telephone response-time measurement system, or as otherwise approved by the Department. Because Cambridge Electric Light Company, Commonwealth Electric Company and NSTAR Gas Company historically compiled data on this measurement based on a 30-second performance standard, they will begin to collect data on a 20-second performance standard and will adopt that standard when they have collected five years of data under the 20-second standard. The Company will also provide, separately, call-handling times for Emergency Calls and Non-Emergency Calls.

Telephone Service Factor will be measured beginning at the point that the caller makes a service selection and ending at the point that the call is responded to by the service area selected by the caller. If the caller does not make a selection, the response time will be measured from a point following the completion of the Company’s recorded menu

options and ending at the point that a customer-service representative responds to the call.

Telephone Service Factor will be a performance measure subject to a revenue penalty.

B. Service Appointments Met As Scheduled

The Company will gather data and report statistics regarding the number of service calls met on the same day requested, excluding when a customer misses a mutually-agreed upon time. The Company will report the percentage of scheduled service appointments met by Company personnel on the same day requested. Service appointment data will be compiled and aggregated monthly. Reporting will occur annually. The reports will be submitted in accordance with Section IX below. Service Appointments Met As Scheduled will be a performance measure subject to a revenue penalty.

C. On-Cycle Meter Readings

The Company will gather data and report statistics for the percentage of meters that are actually read by the Company on cycle. The Company will report the percentage of customer meters actually read on cycle. Eligible meters include both residential and commercial accounts. Meter reading data will be compiled and aggregated monthly. Reporting will occur annually. The reports will be submitted in accordance with Section IX below. On-cycle Meter Reading will be a performance measure subject to a revenue penalty.

III. CUSTOMER SATISFACTION MEASURES

A. Consumer Division Cases

Customer complaints will be categorized as a Consumer Division Case where a written record is opened by the Consumer Division using the following criteria:

- (1) the individual making the Complaint provides his or her identity to the Consumer Division and is either a (a) current, prospective, or former customer of the Company against which the Complaint has been lodged, or (b) designee of the current, prospective, or former customer of the Company;
- (2) the individual or his/her designee has contacted the Company from which the customer receives distribution service prior to lodging a Complaint with the

Department;

- (3) the Department's investigator cannot resolve the Complaint without contacting the Company to obtain more information;
- (4) the matter involves an issue or issues over which the Department typically exercises jurisdiction; and
- (5) the matter involves an issue or issues over which the Company has control.

Consumer complaint data and billing adjustment data will be employed as service quality measures. The Department will compile and aggregate monthly the frequency of Consumer complaints. The Department also will compile and aggregate monthly the dollar amounts of Billing Adjustments. The Department will report data on both of these measures annually. The Department will offer company-specific meetings to discuss each Company's performance annually. Revenue penalties will apply to each of these measures.

B. Billing Adjustments

The Department will compile and aggregate monthly the dollar amount of residential Billing Adjustments per 1,000 residential customers. The Department will provide such data to each Company on an annual basis. Upon request of the Company, the Department may conduct a company-specific meeting to discuss the Company's performance.

C. Consumer Surveys

The Company will provide the results of two surveys to the Department on an annual basis: (1) a customer satisfaction survey of a statistically representative sample of residential customers; and (2) a survey of customers randomly selected from those customers who have contacted the Company's customer service department within the year in which service is being measured. The representative sample will be newly drawn from customers contacting the Company's customer service area in the year previous and will be conducted with a sample of respondents who are *redialed* after having concluded a contact with the Company's customer service area. The surveys, if conducted internally, will be pre-approved by the Department regarding the method and customer questions.

For the residential customer satisfaction survey, the following question will be used: "Using a scale where 1 = very dissatisfied and 7 = very satisfied; how satisfied are you with the service you are receiving from NSTAR?" For the customer-specific survey, the following question will be used: "Using a scale where 1 = very dissatisfied and 7 = very satisfied; how satisfied were you with the service you received from the customer service department of NSTAR?"

The Company will report the results of these surveys to the Department on an annual basis as specified in Section IX and will include the results from the previous years of the survey up to a maximum of ten years. No benchmarks will be calculated for these survey measures, because no revenue penalty mechanism has been assigned to these measures.

IV. STAFFING LEVEL BENCHMARK

Staffing benchmarks, where applicable, will be established and will be determined by the then-effective collective bargaining agreements.

V. ASSUMPTIONS FOR CALCULATING ELECTRIC RELIABILITY MEASURES

For the purpose of calculating SAIDI, SAIFI, and CAIDI, the following assumptions and criteria are to be used in accumulating outage data for standardizing reliability measurements:

- A. Customer Equipment Outages will be excluded from the calculation of SAIDI, SAIFI, and CAIDI;
- B. Planned outages will be excluded from the calculation of SAIDI, SAIFI, and CAIDI;
- C. Excludable Major Events will be excluded from the calculation of SAIDI, SAIFI, and CAIDI;
- D. Momentary Outages will be excluded from the calculation of SAIDI, SAIFI, and CAIDI;
- E. The beginning of an outage will be recorded at the earlier of an automatic alarm or the first report of no power;

- F. The end of an outage will be recorded at that point that power to customers is restored;
- G. Outages involving a primary distribution circuit will be included in the calculation of SAIDI, SAIFI, and CAIDI. Outages that do not involve a primary distribution circuit (i.e., secondary, line transformer only or service only) will not be included in the standardized indices.
- H. Where only part of a circuit experiences an outage, the number of customers affected will be estimated, unless an actual count is available. When power is partially restored, the number of customers restored also will be estimated.
- I. When customers lose power as a result of the process of restoring power (such as from switching operations and fault isolation), the duration of these additional outages will be included, but the additional number of interruptions will not be included in the calculation.

VI. RELIABILITY AND SAFETY PERFORMANCE MEASURES

A. Electric Reliability

NSTAR Electric will measure SAIDI and SAIFI on an annual basis in accordance with Section V and compare its performance to a benchmark established by Section I.C. SAIDI and SAIFI will be performance measures subject to a revenue penalty in Section VII.

B. Response to Odor Calls

NSTAR Gas will respond to 95 percent of all Class I and Class II odor calls in one hour or less. Response to Odor Calls will be a performance measure subject to a revenue penalty in Section VII.

C. Lost Work Time Accident Rate

NSTAR Electric and NSTAR Gas will measure annually their Lost Work Time Accident Rates. The Lost Work Time Accident Rates will be performance measures subject to a revenue penalty in Section VII.

VII. REVENUE PENALTIES AND PENALTY OFFSETS

A. Applicability

The revenue penalty for the performance measures set forth above in Sections II, III, and VI, except for Section VI.B, will be determined in accordance with the penalty formula in Section VII.B. If NSTAR's annual performance for a performance measure falls within or is equal to one standard deviation from the benchmark, no revenue penalty nor penalty offset will be imposed for that measure. If NSTAR'S annual performance for a measure exceeds one standard deviation up to two standard deviations (to the closest tenth of a decimal point) above the benchmark, it will be subject to the revenue penalty shown in Section VII.B.

If NSTAR's annual performance for a performance measure exceeds two standard deviations above the benchmark in any year, then the Department may open a formal investigation as to the reasons for the Company's poor performance.

Penalty offsets are calculated in a similar fashion to revenue penalties. If NSTAR's annual performance for a performance measure falls within or is equal to one standard deviation below the benchmark, no revenue offset is achieved. If NSTAR's annual performance is below one standard deviation (to the closest tenth of a decimal point) below the benchmark, it will earn a penalty offset. If the Company falls below two standard deviations in performance, the penalty offset is capped at the level associated with two standard deviations.

Penalty offsets may only be used to offset revenue penalties. Penalty offsets have no value other than to offset revenue penalties. Penalty offsets acquired on any performance measure may be used to offset revenue penalties on any other performance measure.

The revenue penalty for Section VI.B will be determined in accordance with the penalty formula in Section VII.C. If NSTAR Gas' annual performance for this measure equals or falls below 91 percent, then the Department may open a formal investigation as to the reasons for the Company's poor performance.

B. Penalty and Penalty Offset Formulas

The revenue penalty formula for all performance measures (except for the measure in Section VI. B) will be:



$$\text{Penalty}_M = \left[0.25 * \left(\frac{\text{Observed Result} - \text{Historical Average Result}}{\text{Standard Deviation}} \right)^2 \right] * \text{Maximum Penalty}$$

If: (Observed Result - Historical Average Result) represents performance that is more than one standard deviation worse than the benchmark, and is capped at two standard deviations from the benchmark.

The offset penalty formula for all performance measures (except for the measure in Section VI. B) will be:

$$\text{Offset}_M = \left[0.25 * \left(\frac{\text{Observed Result} - \text{Historical Average Result}}{\text{Standard Deviation}} \right)^2 \right] * \text{Maximum Offset}$$

If: (Observed Result - Historical Average Result) represents performance that is more than one standard deviation better than the benchmark, and is capped at two standard deviations from the benchmark.

Where:

Penalty_M = revenue penalty applied to performance measure M;

Offset_M = penalty offset applied to performance measure M;

Observed Result = the average actual performance measure achieved in year_y, rounded to the applicable decimal place as specified for each measure in Section VIII. A;

Historical Average Result = the average historical actual result, based on an arithmetic average of the previous years_{a..x} of historic data, rounded to the applicable decimal place as specified for each benchmark in Section VIII. C;

Standard Deviation = standard deviation of the historical average result; and

Maximum Penalty = $(\text{PCL}_M) * (\text{AR} * 0.02)$

Maximum Offset = $(\text{PCL}_M) * (\text{AR} * 0.02)$

Where:

PCL_M = Performance category liability for the measure expressed as a percentage (derived from Section VII. D); and

AR = Annual Transmission and Distribution Revenues of NSTAR for the applicable year.

C. Penalty Formula for Class I and Class II Odor Calls

The revenue penalty formula for the performance measure set forth in Section VI. B will be:

Class I and II Odor Call Penalty = Penalty Factor*Maximum Penalty

Where:

Penalty Factor is derived from Table PF, below:

| Table PF | |
|-----------------------|--------------------------------|
| <u>Penalty Factor</u> | <u>Calculation</u> |
| .25 | when PP-OR = 1 percent |
| .50 | when PP-OR = 2 percent |
| .75 | when PP-OR = 3 percent |
| 1.00 | when PP-OR = 4 percent or more |

Where:

PP = 95 percent Fixed Target Benchmark

OR = Observed percentage of Class I and Class II Odor Calls actually responded to within 60 minutes achieved in year, rounded to the nearest percentage

point; and

$$\text{Maximum Penalty} = (\text{PCL}) * (\text{AR} * 0.02)$$

Where:

PCL = Performance category liability for the Class I & II Odor Calls measure expressed as a percentage (derived from Section VII. D); and

AR = Annual Transmission and Distribution Revenues of NSTAR Gas for the applicable year.

D. Apportionment of Penalty Among Performance Measures

Revenue penalties will be apportioned among the various performance measures as follows:

Safety and Reliability

| | |
|------------------------------|------------------------------------|
| SAIDI | 22.5 percent (NSTAR Electric only) |
| SAIFI | 22.5 percent (NSTAR Electric only) |
| Class I & II Odor Calls | 45.0 percent (NSTAR Gas only) |
| Lost Work-Time Accident Rate | 10.0 percent |

Customer Service and Billing

| | |
|--------------------------|--------------|
| Telephone Answering Rate | 12.5 percent |
| Service Appointments Met | 12.5 percent |
| On-Cycle Meter Readings | 10.0 percent |

Consumer Division Statistics

| | |
|-------------------------|-------------|
| Consumer Division Cases | 5.0 percent |
| Billing Adjustments | 5.0 percent |

VIII. REPORTING REQUIREMENTS

A. Reliability, Line Loss, and Safety Indices and Rates

NSTAR will report on an annual basis SAIDI, SAIFI, CAIDI, Lost Work Time Accident Rate, Electric Distribution Line Loss, Unaccounted-for Gas, Restricted Work-Day Rate, and damage to company property, and percentage of all Class I and Class II odor calls responded in one hour or less. These reports will be submitted in accordance with Section IX below.

CAIDI and SAIDI will be reported in terms of minutes and will be measured and reported to the nearest 100th of a minute. SAIFI will be reported to the nearest 1000th of a reported outage. The Lost Work Time Accident Rate will be reported to the nearest 100th of an accident. Restricted Work-Day Rate will be reported to the nearest 100th of a case. Electric Distribution Line Loss will be reported to the nearest 10th of a percentage point. Unaccounted-for Gas will be reported to the nearest 100th of a percentage point. The Consumer and Billing Measures will be reported to the nearest 10th of a percentage point. The Class I and Class II odor calls will be reported to the nearest percentage point.

For the annual reports on electric distribution line loss, NSTAR Electric will provide sufficient substantiation of:

- (1) its Electric Distribution Line Loss value,
- (2) the accompanying adjustments that were made to standardize the value to specific reference conditions, and
- (3) the specific reference conditions.

For the annual reports on damage to company property, NSTAR Electric will file annually property damage reports on incidents involving property damage of the Company in excess of \$50,000 per incident that is attributed to Company-owned facilities. A report will be submitted within 48 hours of the incident and will include the same information as that submitted for accidents as described in this Section VIII. I.

B. Past Reliability and Safety Performance Data

NSTAR Electric will report the Lost Work Time Accident Rate data from the past ten years in the same fashion as in Section VIII.A. NSTAR Electric will report SAIDI and SAIFI data from the past ten years in the same fashion as in Section VIII.A. NSTAR

Electric will use its best efforts to standardize SAIDI and SAIFI historical data (consistent with the method in Section V). The SAIDI, SAIFI, and Lost Work Time Accident Rate data will be provided in NSTAR's first annual report submitted in accordance with Section IX below. NSTAR Electric's first annual report should describe limitations in data that affect standardization of SAIDI and SAIFI, and provide its best estimate of the statistical error inherent in the standardized indices.

C. Benchmarks

The Company will provide the supporting calculations that were used in determining the standard and benchmark values. SAIDI will be reported in terms of minutes and will be measured and reported to the nearest 100th of a minute. SAIFI will be reported to the nearest 1000th of a reported outage. The Lost Work Time Accident Rate will be reported to the nearest 100th of an accident. The Consumer and Billing standards will be reported to the nearest whole number. The reports will be submitted in accordance with Section IX below.

The Company will report on an annual basis the Lost Work Time Accident Rate and the Consumer and Billing performance standards and benchmarks that were determined in accordance with Sections II and VI, above. NSTAR Electric will report on an annual basis the SAIDI and SAIFI performance standards and benchmarks that were determined in accordance with Section VI, above.

D. Annual Major Outage Events

NSTAR Electric will identify and report on an annual basis the outages that are considered Excludable Major Events. For each major event excludable under the standard above, NSTAR Electric will report to the extent possible the total number of customers affected, the service area affected, the number of customers without service at periodic intervals, the time frame of longest customer interruption, and the number of crews used to restore service on a per shift basis. In addition, the report will include NSTAR Electric's policy on tree trimming, including its tree trimming cycle, inspection procedures, and typical minimum vegetation clearance requirement from electric lines. These reports will be submitted in accordance with Section IX, below.

E. Capital Expenditure Information

The Company will report on an annual basis the capital investment approved and capital

investment completed in the Company's transmission and distribution infrastructure to ensure delivery of reliable electricity and gas. This report will include a list of its major capital investment projects that relate to maintaining transmission and distribution reliability and a summary description of each project. The summary will include a list and location of each transmission and distribution facility that was modified, upgraded, replaced, and/or constructed as well as the costs and scope of work involved in the facility modification, upgrade, replacement, and/or construction.

The Company will report the same capital expenditure data from the ten most recent years in the same fashion as in the previous paragraph.

The reports will be submitted in accordance with Section IX below.

F. Spare Component and Acquisition Inventory Policy and Practice

The Company will report on an annual basis its policy for identifying, acquiring, and stocking critical spare components for its distribution and transmission system. The Company's first annual report will address how this policy has changed or evolved over the past 10 years. The reports will be submitted in accordance with Section IX below.

G. Poor Performing Circuits

NSTAR Electric will identify and report on an annual basis its poor performing circuits. The report on these poor performing circuits will include the following information:

- (1) the feeder or circuit identification number;
- (2) the feeder or circuit location;
- (3) the reason(s) why the circuits performed poorly during the reporting year;
- (4) the number of years that the circuit(s) performed poorly;
- (5) the steps that are being considered and/or have been implemented to improve the reliability of these circuits; and
- (6) the SAIDI or SAIFI value for the specific circuit(s).

The reports will be submitted in accordance with Section IX below.

H. Electric Service Outages

NSTAR Electric will continue to report the distribution and transmission outages

consistent with the Department's Outage and Accident Reporting Procedures. These standards supersede previous Outage and Accident Reporting Procedures.

NSTAR Electric will report every distribution and transmission outage that occurs within or impacts its service territory. NSTAR Electric will report to the Department, within a one-hour period from the beginning of the outage, every outage that results in 5,000 or more customer outage hours or that results in a service interruption to a high-profile customer. (These reports will be revised to reflect updated information about the outage.)

All other outages will be reported to the Department within a 24-hour period from the beginning of the outage.

These reports will include the following information:

- (1) date of the outage;
- (2) location of the outage (by providing town and street(s) location);
- (3) nature or cause of the outage;
- (4) number of customers affected;
- (5) time outage commenced and time service was/will be restored;
- (6) duration of the outage;
- (7) number of customer outage hours;
- (8) feeder or circuit number;
- (9) district or division where outage occurred;
- (10) identification of overhead or underground line where fault or outage occurred;
- (11) the name and telephone number of a utility employee who may be contacted about the outage;
- (12) approximate number of crew(s) involved in the power restoration; and
- (13) whether the outage is considered an Excludable Major Event.

These reports will be submitted in accordance with Section X below.

I. Other Safety Performance Measures

In compliance with the requirements of G.L. c. 164, § 95, NSTAR will report within a 24-hour period of an accident the following information:

- (1) time and date of incident;
- (2) time and date of the notice to the Department;



- (3) location of the incident;
- (4) a detailed description of the accident including information about fatalities, injuries, facilities and third-party property damage; and
- (5) the name and telephone number of a utility employee who may be contacted about the accident.

These standards supercede previous Outage and Accident Reporting Procedures. These reports will be submitted in accordance with Section X.

IX. SUBMITTING ANNUAL REPORTS TO THE DEPARTMENT

The annual reports described previously will be submitted to the Department by March 1 of each year reflecting the data from the previous year(s) and will be submitted in the following manner:

- A. the original to Secretary, Department of Telecommunications and Energy, One South Station, Boston, Massachusetts 02110;
- B. one copy to the Electric Power Division Director, Department of Telecommunications and Energy, One South Station, Boston, Massachusetts 02110;
- C. one copy to the Rates and Revenues Division Director, Department of Telecommunications and Energy, One South Station, Boston, Massachusetts, 02110;
- D. one copy of the report to the Consumer Division Director, Department of Telecommunications and Energy, One South Station, Boston Massachusetts 02110; and
- E. an electronic copy of the report to the Department, by one of two means:
 - (1) by e-mail attachment to dte.efiling@state.ma.us; or
 - (2) on a 3.5" floppy diskette, IBM-compatible format to the Director of Electric Power Division, Department of Telecommunications and Energy, One South Station, Boston Massachusetts 02110. The text of the e-mail or the diskette label will specify: (1) an easily identifiable case caption; (2) docket number; (3) name of the person or Company submitting the filing, and (4) a brief descriptive title of document (e.g., comments or petition to intervene). The electronic filing will also include the

name, title and phone number of a person to contact in the event of questions about the filing. Text responses will be written in either Word Perfect (naming the document with a ".wpd" suffix) or in Microsoft Word, (naming the document with a ".doc" suffix). Data or spreadsheet responses will be compatible with Microsoft Excel.

X. SUBMITTING OUTAGE AND OTHER SAFETY PERFORMANCE MEASURE REPORTS TO THE DEPARTMENT

The reports required by these standards will be submitted to the Department in the following manner:

- A. on-line through a Department-secured website. If website access is unavailable, then an electronic copy of the report will be submitted to the Department, by using one of the following methods: (1) by e-mail attachment to dte.efiling@state.ma.us; or (2) on a 3.5" floppy diskette, IBM-compatible format, to the Director of Electric Power Division, Department of Telecommunications and Energy, One South Station, Boston Massachusetts 02110. The text of the e-mail or the diskette label must specify: (1) an easily identifiable case caption; (2) docket number; (3) name of the person or Company submitting the filing, and (4) a brief descriptive title of document (e.g., comments or petition to intervene). The electronic filing will also include the name, title and phone number of a person to contact in the event of questions about the filing. Text responses will be written in either Word Perfect (naming the document with a ".wpd" suffix) or in Microsoft Word, (naming the document with a ".doc" suffix). Data or spreadsheet responses will be compatible with Microsoft Excel; and,
- B. one copy of the report submitted to the Consumer Division Director, Department of Telecommunications and Energy, One South Station, Boston Massachusetts 02110.

For electric service outages that are required to be reported within a one-hour period as described in Section VIII.H, NSTAR Electric will, in addition to submitting a written report, contact by telephone the Electric Power Division Director, Consumer Division Director, Executive Director, or one of the commissioners of the Department to convey the information surrounding the outage.

XI. BILLING INFORMATION

The Company will submit language, for approval by the Department, to be placed on the back side of customer bills, which notifies customers of (a) their ability to contact the Department regarding service quality complaints or questions, and (b) the Department's website address (www.magnet.state.ma.us/dpu).

XII. GENERAL RESERVATION

The Department retains the discretion to waive or depart from any provision of these guidelines as the interests of fairness may require.

ATTACHMENT 1

NSTAR SERVICE QUALITY GUIDELINES PLAN

1. GENERAL

A. Provisions

The following ~~guidelines provisions shall will~~ apply to Boston Edison Company, Cambridge Electric Light Company, Commonwealth Electric Company ("NSTAR Electric") and NSTAR Gas Company, every gas and electric distribution company authorized to do business in the Commonwealth of Massachusetts, unless otherwise indicated. In the event of a conflict between these guidelines and any orders or regulations of the Department, said orders and regulations shall govern. If a gas or electric distribution company requests approval of a service quality plan that deviates, in whole or in part, from these guidelines, the request must be accompanied by reasons for each and every departure.

B. Definitions

"Billing Adjustment" shall ~~will~~ mean a revenue adjustment amount resulting from Departmental intervention in a billing dispute between a ~~Company~~ NSTAR and a residential customer.

"Circuit" shall ~~will~~ mean a conductor or system of conductors through which an electric current is intended to flow.

"Class I Odor Call" shall ~~will~~ mean those calls that relate to a strong odor of gas throughout a household or outdoor area, or a severe odor from a particular area.

"Class II Odor Call" shall ~~will~~ mean calls involving an occasional or slight odor at an appliance.

"Company" or "Companies" shall ~~will~~ refer to NSTAR Electric and NSTAR Gas, to electric and gas distribution companies — unless other-wise indicated.

"Complaint" shall ~~will~~ mean a formal complaint to the Consumer Division of the Department wherein the Consumer Division creates a systems record with a customer's name and address.

"Consumer Division Case" shall ~~will~~ mean a written record opened by the Consumer Division of the Department in response to a Complaint that meets the criteria set forth in

Section III.A.

“Customer Average Interruption Duration Index” or “CAIDI” shall will mean the total duration of customer interruption in minutes (as calculated by application of Section V) divided by the total number of customer interruptions, expressed in minutes per year. CAIDI characterizes the average time required to restore service to the average customer per sustained interruption during the reporting period.

“Customer Equipment Outage” shall will mean an outage caused by customer operation or the failure of customer-owned equipment.

“Department” shall will mean the Department of Telecommunications and Energy.

“Electric Distribution” shall will mean the delivery of electricity over lines that operate at a voltage level typically equal to or greater than 110 volts and less than 69,000 volts to an end-use customer within the ~~Commonwealth~~ NSTAR Electric service territory.

“Electric Distribution Facility” shall will mean plant or equipment used for the distribution of electricity that is not a transmission facility, a cogeneration facility, or a small power production facility.

“Electric Distribution Feeder” shall will mean a distribution facility circuit conductor between the service equipment, the source of a separately derived system, or other power-supply source and the final branch-circuit overcurrent device.

“Electric Distribution Line Loss” shall will mean the electrical energy that is lost in the distribution system. Such loss includes (1) energy that is lost directly due to the delivery of electrical energy and results from the physical properties of the system’s wires and transformers and other incidental substation use, and (2) energy that is lost because of diversion, theft, and other unmetered use.

“Electric Distribution Service” shall will mean the delivery of electricity to the customer by the electric distribution company over lines that operate at a voltage level typically equal to or greater than 110 volts and less than 69,000 volts.

“Emergency Call” shall will mean a telephone call where the caller believes that he or she is confronting special circumstances that might lead to bodily and/or system-related damage if the circumstances remain unaddressed. Examples include, but are not limited to, downed wires, gas leaks, and gas odor reports.

“Excludable Major Event” shall will mean a major outage event that meets one of the following criteria: (i) the event is caused by earthquake, fire, or storm of sufficient

intensity to give rise to a state of emergency being proclaimed by the Governor (as provided under the Massachusetts Civil Defense Act); (ii) any other event that causes an unplanned interruption of service to 15 percent or more of the electric distribution company's customers in an operating area; or (iii) an event that results from the failure or disturbance of a transmission, power supply, or other system that is not owned or operated by the electric distribution company. Notwithstanding the foregoing criteria, an extreme temperature condition would not constitute an Excludable Major Event.

"Lost Work Time Accident Rate" shallwill mean the Incidence Rate of Lost Work Time Injuries and Illness per 200,000 Employee Hours as defined by the U.S. Department of Labor Bureau of Labor Statistics.

"Meter Reading" shallwill mean the act of manually or automatically acquiring customer-specific usage levels of an energy resource, expressed in numerical units, for a defined period by actually consulting the customer's meter.

"Momentary Outage" or "Momentary Interruption" shallwill mean an outage or interruption of electric service of less than one minute.

"Non-emergency Call" shallwill mean all telephone calls other than emergency calls.

"NSTAR Electric" will mean Boston Edison Company, Cambridge Electric Light Company and Commonwealth Electric Company.

"NSTAR Gas" will mean NSTAR Gas Company.

"Operating Area" shallwill mean a geographical subdivision of each electric distribution company's franchise territory as defined by the electric distribution company. These areas may also be referred to as regions, divisions, or districts.

"Planned Outage" shallwill mean an outage that is scheduled by the utility and of which customers are notified in advance, including, for example, during the connection of new customers or to ensure the safe performance of maintenance activities.

"Poor Performing Circuit" shallwill mean any distribution feeder that:

- (i) has sustained a circuit SAIDI or SAIFI value for a reporting year that is among the highest (worst) ten percent of that utility's feeders for any two consecutive reporting years; or
- (ii) has sustained a circuit SAIDI or SAIFI value for a reporting year that is more than 300 percent greater than the system average of all feeders in any two consecutive reporting years.

“Restricted Work-Day Rate” shallwill mean the Incidence Rate of Restricted Work cases per 200,000 Employee Hours as defined by the U.S. Department of Labor Bureau of Labor Statistics.

“Service Appointment” shallwill refer to a mutually agreed upon arrangement for service between the Company and the customer that specifies the date for the Company’s personnel to perform a service activity that requires the presence of the customer at the time of service.

“Service Interruption To A High-profile Customer” shallwill mean an outage that has a reasonable probability of involving a high-profile customer, including a hospital, airport, or large manufacturing, commercial, or institutional customer (who has a demand of 1 megawatt or greater).

“System Average Interruption Duration Index” or “SAIDI” shallwill mean the total duration of customer interruption in minutes (as calculated by application of Section V herein) divided by the total number of customers served by the distribution system, expressed in minutes per year. SAIDI characterizes the average length of time that customers are without electric service during the reporting period.

“System Average Interruption Frequency Index” or “SAIFI” shallwill mean the total number of customer interruptions divided by the total number of customers served by the distribution system, expressed in interruptions per customer per year. SAIFI characterizes the average number of sustained electric service interruptions for each customer during the reporting period.

“Sustained Outage” or “Sustained Interruption” shallwill mean an outage or interruption of electric service that lasts at least one minute and is not classified as a momentary outage.

“Transmission and Distribution Revenues” shallwill mean revenues collected through the base rates of a transmission and distribution company.

“Unaccounted-for Gas” shallwill mean the reduction in the quantity of natural gas flowing through a pipeline that results from leaks, venting, and other physical and operational circumstances on a pipeline system. Unaccounted-for Gas is also referred to as a line loss.

“Year” shallwill mean calendar year unless otherwise noted.

C. Benchmarking

The historical average and standard deviation for benchmarking will be based on the ten most recent years worth of data for each Company. This will be a fixed average for the duration of the service-quality plan PBR. Where ten years worth of information is not available to a specific Company, the Company is directed to ~~shall~~will use the maximum number of years of data available, so long as three years are available. As the Company collects additional data, that data will be included in benchmarking until ten years worth of data is collected.

For SAIDI and SAIFI, the historic average and standard deviation for benchmarking will be based on ~~the data from the most recent five years prior to the start of the service-quality plan 1996, 1997, 1998, 1999, and 2000.~~

II. CUSTOMER SERVICE AND BILLING PERFORMANCE MEASURES

A. Telephone Service Factor

~~Each~~ The Company shall will gather data and report statistics on its handling of telephone calls. Call data ~~shall~~will be compiled and aggregated monthly. Reporting ~~shall~~will occur annually. The reports ~~shall~~will be submitted in accordance with Section IX below. ~~Each~~ The Company shall will report the percentage of telephone calls that are handled ~~answered~~ within a time interval that is consistent with a ~~Company's~~its existing telephone response-time measurement system, or as otherwise approved by the Department. ~~—Because Cambridge Electric Light Company, Commonwealth Electric Company and NSTAR Gas Company historically compiled data on this measurement based on a 30-second performance standard, they will begin to collect data on a 20-second performance standard and will adopt that standard when they have collected five years of data under the 20-second standard. Companies who have had no telephone response-time measurement system until the date of this Order shall adopt a 20-second performance standard. At the conclusion of five years from the date of this Order, all Companies shall adopt the 20-second performance standard.~~ Each Company shall will also provide, separately, call-handling times for Emergency Calls and Non-Emergency Calls.

Telephone Service Factor ~~shall~~will be measured beginning at the point that the caller makes a service selection and ending at the point that the call is responded to by the service area selected by the caller. If the caller does not make a selection, the response time ~~shall~~will be measured from a point following the completion of the Company's recorded menu options and ending at the point that a customer-service representative responds to the call.

Telephone Service Factor ~~shall~~will be a performance measure subject to a revenue

penalty.

B. Service Appointments Met As Scheduled

~~Each~~The Company shall will gather data and report statistics regarding the number of service calls met on the same day requested, excluding when a customer misses a mutually-agreed upon time. ~~Each~~The Company shall will report the percentage of scheduled service appointments met by Company personnel on the same day requested. Service appointment data ~~shall~~will be compiled and aggregated monthly. Reporting ~~shall~~will occur annually. The reports ~~shall~~will be submitted in accordance with Section IX below. Service Appointments Met As Scheduled ~~shall~~will be a performance measure subject to a revenue penalty.

C. On-Cycle Meter Readings

~~Each~~The Company shall will gather data and report statistics for the percentage of meters that are actually read by the Company; ~~monthly~~on cycle. ~~Each~~The Company shall will report the percentage of customer meters actually read on a ~~monthly basis~~cycle. Eligible meters include both residential and commercial accounts. Meter reading data ~~shall~~will be compiled and aggregated monthly. Reporting ~~shall~~will occur annually. The reports ~~shall~~will be submitted in accordance with Section IX below. On-cycle Meter Reading ~~shall~~will be a performance measure subject to a revenue penalty.

III. CUSTOMER SATISFACTION MEASURES

A. Consumer Division Cases

Customer complaints ~~shall~~will be categorized as a Consumer Division Case where a written record is opened by the Consumer Division using the following criteria:

- (1) the individual making the Complaint provides his or her identity to the Consumer Division and is either a (a) current, prospective, or former customer of the Company against which the Complaint has been lodged, or (b) designee of the current, prospective, or former customer of the Company;
- (2) the individual or his/her designee has contacted the Company from which the customer receives distribution service prior to lodging a Complaint with the Department;
- (3) the Department's investigator cannot resolve the Complaint without contacting the Company to obtain more information;

- (4) the matter involves an issue or issues over which the Department typically exercises jurisdiction; and
- (5) the matter involves an issue or issues over which the Company has control.

Consumer complaint data and billing adjustment data ~~shall~~will be employed as service quality measures. The Department will compile and aggregate monthly the frequency of Consumer complaints. The Department also will compile and aggregate monthly the dollar amounts of Billing Adjustments. The Department will report data on both of these measures annually. The Department will offer company-specific meetings to discuss each Company's performance annually. Revenue penalties ~~shall~~will apply to each of these measures.

B. Billing Adjustments

The Department will compile and aggregate monthly the dollar amount of residential Billing Adjustments per 1,000 residential customers. The Department will provide such data to each Company on an annual basis. Upon request of the Company, the Department may conduct a company-specific meeting to discuss the Company's performance.

C. Consumer Surveys

~~Each~~The Company shall will provide the results of two surveys to the Department on an annual basis: (1) a customer satisfaction survey of a statistically representative sample of residential customers; and (2) a survey of customers randomly selected from those customers who have contacted the Company's customer service department within the year in which service is being measured. The representative sample ~~shall~~will be newly drawn from customers contacting the Company's customer service area in the year previous and ~~shall~~will be conducted with a sample of respondents who are *redialed* after having concluded a contact with the Company's customer service area. The surveys, if conducted internally, ~~shall~~will be pre-approved by the Department regarding the method and customer questions.

For the residential customer satisfaction survey, the following question ~~shall~~will be used: "Using a scale where 1 = very dissatisfied and 7 = very satisfied; how satisfied are you with the service you are receiving from ~~Company name~~ NSTAR?" For the customer-specific survey, the following question ~~shall~~will be used: "Using a scale where 1 = very dissatisfied and 7 = very satisfied; how satisfied were you with the service you received from the customer service department of ~~Company Name~~ NSTAR?"

~~Each~~The Company shall will report the results of these surveys to the Department on an annual basis as specified in Section IX and ~~shall~~will include the results from the previous

years of the survey up to a maximum of ten years. No benchmarks ~~shall~~will be calculated for these survey measures, because no revenue penalty mechanism has been assigned to these measures.

IV. STAFFING LEVEL BENCHMARK

Staffing benchmarks, ~~where applicable,~~ will be established ~~on a company-specific basis~~ and will be determined by the then-effective collective bargaining agreements ~~for each Company.~~

V. ASSUMPTIONS FOR CALCULATING ELECTRIC RELIABILITY MEASURES

For the purpose of calculating SAIDI, SAIFI, and CAIDI, the following assumptions and criteria are to be used in accumulating outage data for standardizing reliability measurements:

- A. Customer Equipment Outages ~~shall~~will be excluded from the calculation of SAIDI, SAIFI, and CAIDI;
- B. Planned outages ~~shall~~will be excluded from the calculation of SAIDI, SAIFI, and CAIDI;
- C. Excludable Major Events ~~shall~~will be excluded from the calculation of SAIDI, SAIFI, and CAIDI;
- D. Momentary Outages ~~shall~~will be excluded from the calculation of SAIDI, SAIFI, and CAIDI;
- E. The beginning of an outage ~~shall~~will be recorded at the earlier of an automatic alarm or the first report of no power;
- F. The end of an outage ~~shall~~will be recorded at that point that power to customers is restored;
- G. Outages involving a primary distribution circuit ~~shall~~will be included in the calculation of SAIDI, SAIFI, and CAIDI. Outages that do not involve a primary distribution circuit (*i.e.*, secondary, line transformer only or service only) ~~shall~~will not be included in the standardized indices.
- H. Where only part of a circuit experiences an outage, the number of customers affected ~~shall~~will be estimated, unless an actual count is available. When power is partially restored, the number of customers restored also ~~shall~~will be estimated.

- I. When customers lose power as a result of the process of restoring power (such as from switching operations and fault isolation), the duration of these additional outages shall will be included, but the additional number of interruptions shall will not be included in the calculation.

VI. RELIABILITY AND SAFETY PERFORMANCE MEASURES

A. Electric Reliability

~~Each NSTAR e~~Electric distribution company shall will measure SAIDI and SAIFI on an annual basis in accordance with Section V and compare its performance following the implementation of the PBR Plan to a benchmark established by Section I.C. SAIDI and SAIFI shall will be performance measures subject to a revenue penalty in Section VII. Notwithstanding these provisions, to the extent that an electric distribution company measures SAIDI and SAIFI in a manner inconsistent with the method in Section V, such Company may measure SAIDI and SAIFI consistent with its historic method; however, a Company that chooses to use its own historic method shall:

- (1) demonstrate why it cannot reasonably convert the data to the method in Section V,
- (2) calculate the historic average for benchmarking using its same historic method for purposes of Section VII, and
- (3) in addition to reporting SAIDI and SAIFI using its own historic method, report all SAIDI and SAIFI data consistent with the method in Section V. These data will not be used in the calculations of revenue penalties in Section VII.

B. Response to Odor Calls

~~Each g~~NSTAR Gas distribution Company shall will respond to 95 percent of all Class I and Class II odor calls in one hour or less. Response to Odor Calls shall will be a performance measure subject to a revenue penalty in Section VII.

C. Lost Work Time Accident Rate

~~Each Company~~NSTAR Electric and NSTAR Gas shall will measure annually its their Lost Work Time Accident Rates. The Lost Work Time Accident Rates shall will be a performance measures subject to a revenue penalty in Section VII.

VII. REVENUE PENALTIES AND PENALTY OFFSETS

A. Applicability

The revenue penalty for the performance measures set forth in above in Sections II, III, and VI, except for Section VI.B, ~~shall~~will be determined in accordance with the penalty formula in Section VII.B. If ~~NSTAR's a Company's~~ annual performance for a performance measure falls within or is equal to one standard deviation from the benchmark, no revenue penalty nor penalty offset ~~shall~~will be imposed for that measure. If ~~NSTAR'S a Company's~~ annual performance for a measure exceeds one standard deviation up to two standard deviations (to the closest tenth of a decimal point) above the benchmark, it will be subject to the revenue penalty shown in Section VII.B.

If ~~a Company~~NSTAR's annual performance for a performance measure exceeds two standard deviations above the benchmark in any year, then the Department may open a formal investigation as to the reasons for the Company's poor performance.

Penalty offsets are calculated in a similar fashion to revenue penalties. If a ~~Company~~NSTAR's annual performance for a performance measure falls within or is equal to one standard deviation below the benchmark, no revenue offset is achieved. If a ~~Company~~NSTAR's annual performance is below one standard deviation (to the closest tenth of a decimal point) below the benchmark, it will earn a penalty offset. If the Company falls below two standard deviations in performance, the penalty offset is capped at the level associated with two standard deviations.

Penalty offsets may only be used to offset revenue penalties. Penalty offsets have no value other than to offset revenue penalties. Penalty offsets acquired on any performance measure may be used to offset revenue penalties on any other performance measure.

The revenue penalty for Section VI.B ~~shall~~will be determined in accordance with the penalty formula in Section VII.C. If ~~a Company~~NSTAR Gas's annual performance for this measure equals or falls below 91 percent, then the Department may open a formal investigation as to the reasons for the Company's poor performance.

B. Penalty and Penalty Offset Formulas

The revenue penalty formula for all performance measures (except for the measure in Section VI. B) ~~shall~~will be:

$$\text{Penalty}_M = [0.25 * \left\{ \frac{\text{Observed Result} - \text{Historical Average Result}}{\text{Standard Deviation}} \right\}^2] * \text{Maximum Penalty}$$

If: (Observed Result - Historical Average Result) is a positive value represents performance that is more than one standard deviation worse than the benchmark,

and is capped at two standard deviations from the benchmark.

The offset penalty formula for all performance measures (except for the measure in Section VI. B) ~~shall~~will be:

$$\text{Offset}_M = [0.25 * \left[\frac{\text{Observed Result} - \text{Historical Average Result}}{\text{Standard Deviation}} \right]^2] * \text{Maximum Offset}$$

If: (Observed Result - Historical Average Result) represents performance that is more than one standard deviation better than the benchmark, and is capped at two standard deviations from the benchmark ~~is a negative value.~~

Where:

Penalty_M = revenue penalty applied to performance measure M;

Offset_M = penalty offset applied to performance measure M;

Observed Result = the average actual performance measure achieved in year_y, rounded to the applicable decimal place as specified for each measure in Section VIII. A;

Historical Average Result = the average historical actual result, based on an arithmetic average of the previous years_{a..x} of historic data, rounded to the applicable decimal place as specified for each benchmark in Section VIII. C;

Standard Deviation = standard deviation of the historical average result; and

Maximum Penalty = (PCL_M)*(AR*0.02)

Maximum Offset = (PCL_M)*(AR*0.02)

Where:

PCL_M = Performance category liability for the measure expressed as a percentage (derived from Section VII. D); and

AR = Annual Transmission and Distribution Revenues of a Company NSTAR for the applicable year.

C. Penalty Formula for Class I and Class II Odor Calls

The revenue penalty formula for the performance measure set forth in Section VI. B

~~shall~~will be:

Class I and II Odor Call Penalty = Penalty Factor*Maximum Penalty

Where:

Penalty Factor is derived from Table PF, below:

| Table PF | |
|-----------------------|--------------------------------|
| <u>Penalty Factor</u> | <u>Calculation</u> |
| .25 | when PP-OR = 1 percent |
| .50 | when PP-OR = 2 percent |
| .75 | when PP-OR = 3 percent |
| 1.00 | when PP-OR = 4 percent or more |

Where:

PP = 95 percent Fixed Target Benchmark

OR = Observed percentage of Class I and Class II Odor Calls actually responded to within 60 minutes achieved in year, rounded to the nearest percentage point; and

Maximum Penalty = (PCL)*(AR*0.02)

Where:

PCL = Performance category liability for the Class I & II Odor Calls measure expressed as a percentage (derived from Section VII. D); and

AR = Annual Transmission and Distribution Revenues of a ~~Company~~NSTAR Gas for the applicable year.

D. Apportionment of Penalty Among Performance Measures

Revenue penalties ~~shall~~will be apportioned among the various performance measures as follows:

Safety and Reliability

| | |
|------------------------------|---|
| SAIDI | 22.5 percent (electric distribution companies <u>NSTAR Electric only</u>) |
| SAIFI | 22.5 percent (electric distribution companies <u>NSTAR Electric only</u>) |
| Class I & II Odor Calls | 45.0 percent (gas distribution companies <u>NSTAR Gas only</u>) |
| Lost Work-Time Accident Rate | 10.0 percent |

Customer Service and Billing

| | |
|--------------------------|--------------|
| Telephone Answering Rate | 12.5 percent |
| Service Appointments Met | 12.5 percent |
| On-Cycle Meter Readings | 10.0 percent |

Consumer Division Statistics

| | |
|-------------------------|-------------|
| Consumer Division Cases | 5.0 percent |
| Billing Adjustments | 5.0 percent |

VIII. REPORTING REQUIREMENTS

A. Reliability, Line Loss, and Safety Indices and Rates

~~Each Company~~ NSTAR shall will report on an annual basis SAIDI, SAIFI, CAIDI, Lost Work Time Accident Rate, Electric Distribution Line Loss, Unaccounted-for Gas, Restricted Work-Day Rate, and damage to company property, and percentage of all Class I and Class II odor calls responded in one hour or less. These reports ~~shall~~will be submitted in accordance with Section IX below.

CAIDI and SAIDI ~~shall~~will be reported in terms of minutes and ~~shall~~will be measured and reported to the nearest 100th of a minute. SAIFI ~~shall~~will be reported to the nearest 1000th of a reported outage. The Lost Work Time Accident Rate ~~shall~~will be reported to the nearest 100th of an accident. Restricted Work-Day Rate ~~shall~~will be reported to the nearest 100th of a case. Electric Distribution Line Loss ~~shall~~will be reported to the nearest 10th of a percentage point. Unaccounted-for Gas ~~shall~~will be reported to the nearest 100th of a percentage point. The Consumer and Billing Measures ~~shall~~will be reported to the nearest 10th of a percentage point. The Class I and Class II odor calls ~~shall~~will be reported to the nearest percentage point.

For the annual reports on electric distribution line loss, ~~each NSTAR Electric distribution company shall~~will provide sufficient substantiation of:

- (1) its Electric Distribution Line Loss value,
- (2) the accompanying adjustments that were made to standardize the value to specific reference conditions, and
- (3) the specific reference conditions.

For the annual reports on damage to company property, ~~each NSTAR Electric distribution company shall~~will file annually property damage reports on incidents involving property damage of the Company in excess of \$50,000 per incident that is attributed to Company-owned facilities. A report ~~shall~~will be submitted within 48 hours of the incident and ~~shall~~will include the same information as that submitted for accidents as described in this Section VIII. I.

B. Past Reliability and Safety Performance Data

~~Each NSTAR Electric distribution company shall~~will report the Lost Work Time Accident Rate data from the past ten years in the same fashion as in Section VIII.A. ~~Each NSTAR Electric distribution company shall~~will report SAIDI and SAIFI data from the past ten years in the same fashion as in Section VIII.A. ~~Each NSTAR Electric distribution company shall~~will use its best efforts to standardize SAIDI and SAIFI historical data (consistent with the method in Section V). The SAIDI, SAIFI, and Lost Work Time Accident Rate data ~~shall~~will be provided in ~~each company NSTAR's~~ first annual report submitted in accordance with Section IX below. ~~Each company NSTAR Electric's~~ first annual report should describe limitations in data that affect standardization of SAIDI and SAIFI, and provide its best estimate of the statistical error inherent in the standardized indices.

C. Benchmarks

~~Each~~The Company shallwill provide the supporting calculations that were used in determining the standard and benchmark values. SAIDI ~~shall~~will be reported in terms of minutes and ~~shall~~will be measured and reported to the nearest 100th of a minute. SAIFI ~~shall~~will be reported to the nearest 1000th of a reported outage. The Lost Work Time Accident Rate ~~shall~~will be reported to the nearest 100th of an accident. The Consumer and Billing standards ~~shall~~will be reported to the nearest 10th of a percentage point whole number. The reports ~~shall~~will be submitted in accordance with Section IX below.

~~Each~~The Company shallwill report on an annual basis the Lost Work Time Accident Rate and the Consumer and Billing performance standards and benchmarks that were

determined in accordance with Sections II and VI, above. ~~Each~~NSTAR e~~Electric distribution Company shall will~~ report on an annual basis the SAIDI and SAIFI performance standards and benchmarks that were determined in accordance with Section VI, above.

D. Annual Major Outage Events

~~Each~~NSTAR e~~Electric distribution company shall will~~ identify and report on an annual basis the outages that are considered Excludable Major Events. For each major event excludable under the standard above ~~(or excluded using a company's historic method)~~, ~~each~~NSTAR e~~Electric distribution shall will~~ report to the extent possible the total number of customers affected, the service area affected, the number of customers without service at periodic intervals, the time frame of longest customer interruption, and the number of crews used to restore service on a per shift basis. In addition, the report ~~shall will~~ include ~~the particular electric distribution company~~NSTAR Electric's policy on tree trimming, including its tree trimming cycle, inspection procedures, and typical minimum vegetation clearance requirement from electric lines. These reports ~~shall will~~ be submitted in accordance with Section IX, below.

E. Capital Expenditure Information

~~Each~~The Company shall will report on an annual basis the capital investment approved and capital investment completed in the ~~e~~Company's transmission and distribution infrastructure to ensure delivery of reliable electricity and gas. This report ~~shall will~~ include a list of its major capital investment projects that relate to maintaining transmission and distribution reliability and a summary description of each project. The summary ~~shall will~~ include a list and location of each transmission and distribution facility that was modified, upgraded, replaced, and/or constructed as well as the costs and scope of work involved in the facility modification, upgrade, replacement, and/or construction.

~~Each~~The Company shall will report the same capital expenditure data from the ten most recent years in the same fashion as in the previous paragraph. ~~The data shall be provided in each company's first annual report.~~

The reports ~~shall will~~ be submitted in accordance with Section IX below.

F. Spare Component and Acquisition Inventory Policy and Practice

~~Each~~The Company shall will report on an annual basis its policy for identifying, acquiring, and stocking critical spare components for its distribution and transmission system. ~~Each~~The Company's first annual report ~~shall will~~ address how this policy has changed or evolved over the past 10 years. The reports ~~shall will~~ be submitted in

accordance with Section IX below.

G. Poor Performing Circuits

~~Each Company~~ NSTAR Electric shall will identify and report on an annual basis its poor performing circuits. The report on these poor performing circuits ~~shall will~~ include the following information:

- (1) the feeder or circuit identification number;
- (2) the feeder or circuit location;
- (3) the reason(s) why the circuits performed poorly during the reporting year;
- (4) the number of years that the circuit(s) performed poorly;
- (5) the steps that are being considered and/or have been implemented to improve the reliability of these circuits; and
- (6) the SAIDI or SAIFI value for the specific circuit(s).

The reports ~~shall will~~ be submitted in accordance with Section IX below.

H. Electric Service Outages

~~Each NSTAR eElectric distribution company shall will~~ continue to report the distribution and transmission outages consistent with the Department's Outage and Accident Reporting Procedures. These standards supersede previous Outage and Accident Reporting Procedures.

~~Each NSTAR eElectric distribution company shall will~~ report every distribution and transmission outage that occurs within or impacts its service territory. ~~Each NSTAR eElectric distribution company shall will~~ report to the Department, within a one-hour period from the beginning of the outage, every outage that results in 5,000 or more customer outage hours or that results in a service interruption to a high-profile customer. (These reports ~~shall will~~ be revised to reflect updated information about the outage.) All other outages ~~shall will~~ be reported to the Department within a 24-hour period from the beginning of the outage.

These reports ~~shall will~~ include the following information:

- (1) date of the outage;
- (2) location of the outage (by providing town and street(s) location);
- (3) nature or cause of the outage;
- (4) number of customers affected;
- (5) time outage commenced and time service was/will be restored;
- (6) duration of the outage;

- (7) number of customer outage hours;
- (8) feeder or circuit number;
- (9) district or division where outage occurred;
- (10) identification of overhead or underground line where fault or outage occurred;
- (11) the name and telephone number of a utility employee who may be contacted about the outage;
- (12) approximate number of crew(s) involved in the power restoration; and
- (13) whether the outage is considered an Excludable Major Event.

These reports shall will be submitted in accordance with Section X below.

I. Other Safety Performance Measures

In compliance with the requirements of G.L. c. 164, § 95, each ~~Company~~ NSTAR shall will report within a 24-hour period of an accident the following information:

- (1) time and date of incident;
- (2) time and date of the notice to the Department;
- (3) location of the incident;
- (4) a detailed description of the accident including information about fatalities, injuries, facilities and third-party property damage; and
- (5) the name and telephone number of a utility employee who may be contacted about the accident.

These standards supercede previous Outage and Accident Reporting Procedures. These reports shall will be submitted in accordance with Section X.

IX. SUBMITTING ANNUAL REPORTS TO THE DEPARTMENT

The annual reports described previously shall will be submitted to the Department by March 1 of each year reflecting the data from the previous year(s) and shall will be submitted in the following manner:

- A. the original to Secretary, Department of Telecommunications and Energy, One South Station, Boston, Massachusetts 02110;
- B. one copy to the Electric Power Division Director, Department of Telecommunications and Energy, One South Station, Boston, Massachusetts 02110;

- C. one copy to the Rates and Revenues Division Director, Department of Telecommunications and Energy, One South Station, Boston, Massachusetts, 02110;
- D. one copy of the report to the Consumer Division Director, Department of Telecommunications and Energy, One South Station, Boston Massachusetts 02110; and
- E. an electronic copy of the report to the Department, by one of two means: (1) by e-mail attachment to dte.efiling@state.ma.us; or (2) on a 3.5" floppy diskette, IBM-compatible format to the Director of Electric Power Division, Department of Telecommunications and Energy, One South Station, Boston Massachusetts 02110. The text of the e-mail or the diskette label ~~will~~must specify: (1) an easily identifiable case caption; (2) docket number; (3) name of the person or Company submitting the filing, and (4) a brief descriptive title of document (e.g., comments or petition to intervene). The electronic filing ~~will~~should also include the name, title and phone number of a person to contact in the event of questions about the filing. Text responses ~~will~~should be written in either Word Perfect (naming the document with a ".wpd" suffix) or in Microsoft Word, (naming the document with a ".doc" suffix). Data or spreadsheet responses ~~will~~should be compatible with Microsoft Excel.

X. SUBMITTING OUTAGE AND OTHER SAFETY PERFORMANCE MEASURE REPORTS TO THE DEPARTMENT

The reports required by these standards ~~shall~~will be submitted to the Department in the following manner:

- A. on-line through a Department-secured website. If website access is unavailable, then an electronic copy of the report ~~shall~~will be submitted to the Department, by using one of the following methods: (1) by e-mail attachment to dte.efiling@state.ma.us; or (2) on a 3.5" floppy diskette, IBM-compatible format, to the Director of Electric Power Division, Department of Telecommunications and Energy, One South Station, Boston Massachusetts 02110. The text of the e-mail or the diskette label must specify: (1) an easily identifiable case caption; (2) docket number; (3) name of the person or Company submitting the filing, and (4) a brief descriptive title of document (e.g., comments or petition to intervene). The electronic filing ~~should~~will also include the name, title and phone number of a person to contact in the event of questions about the filing. Text responses ~~should~~will be written in either Word Perfect (naming the document with a ".wpd" suffix) or in Microsoft Word, (naming the document with a ".doc" suffix). Data or spreadsheet responses ~~should~~will be compatible with Microsoft Excel; and,

- B. one copy of the report submitted to the Consumer Division Director, Department of Telecommunications and Energy, One South Station, Boston Massachusetts 02110.

For electric service outages that are required to be reported within a one-hour period as described in Section VIII.H, ~~each Company~~ NSTAR Electric shall will, in addition to submitting a written report, contact by telephone the Electric Power Division Director, Consumer Division Director, Executive Director, or one of the commissioners of the Department to convey the information surrounding the outage.

XI. BILLING INFORMATION

~~Each~~The Company is directed to ~~shall~~will submit language, for approval by the Department, to be placed on the back side of customer bills, which notifies customers of (a) their ability to contact the Department regarding service quality complaints or questions, and (b) the Department's website address (www.magnet.state.ma.us/dpu).

XII. GENERAL RESERVATION

The Department retains the discretion to waive or depart from any provision of these guidelines as the interests of fairness may require.

| NSTAR | | | | | | |
|--|------------------------|-------------------|-----------------------|---------|-------------------------|----------------|
| SERVICE QUALITY STANDARDS (1) | | | | | | |
| Illustrative Combined Benchmarks | | | | | | |
| Measures | Required Years History | No. of Years Used | Historical Average(3) | Std Dev | Penalty / Offset Weight | Max (4) Amount |
| <u>Customer Service and Billing</u> | | | | | | |
| % Calls Answered (2) | 10 | 4 | 69.27% | 2.92% | 12.5% | \$ 2,274,590 |
| % Services Appointments Met | 10 | 0 | NA | NA | 12.5% | \$ 2,274,590 |
| % On-Cycle Meter Reads | 10 | 4 | 95.88% | 1.48% | 10.0% | \$ 1,819,672 |
| <u>Safety and Reliability</u> | | | | | | |
| Lost Work Day - Electric | 10 | 10 | 1.40 | 0.30 | 8.2% | \$ 1,490,311 |
| Lost Work Day - Gas | 10 | 10 | 9.59 | 3.02 | 1.8% | \$ 329,361 |
| SAIDI - 5 yrs | 5 | 5 | 106.72 | 12.65 | 18.4% | \$ 3,351,836 |
| SAIFI - 5 yrs | 5 | 5 | 1.142 | 0.159 | 18.4% | \$ 3,351,836 |
| Class I & II Odor Calls (5) | NA | NA | 95.00% | NA | 8.2% | \$ 1,484,852 |
| <u>Consumer Division Statistics</u> | | | | | | |
| Consumer Division Cases | 10 | 10 | 1,413 | 240 | 5.0% | \$ 909,836 |
| Billing Adjustments | 10 | 10 | 153,124 | 41,514 | 5.0% | \$ 909,836 |
| Total | | | | | 100.0% | \$ 18,196,720 |
| <u>Notes</u> | | | | | | |
| (1) Reflects DTE 99-84 measures, benchmark method and penalty/incentive mechanism. | | | | | | |
| (2) Telephone statistic based on calls handled within 30 Seconds. | | | | | | |
| (3) Historical average based on data through 2000 | | | | | | |
| (4) Max penalty is incurred at 2 sd from average | | | | | | |
| Two percent of total T&D revenue for Year 2000 | | | | | | |
| (5) Penalty/Offset based upon 25% of maximum for each whole percentage point variation from 95%. | | | | | | |
| | | | | | | \$18,196,720 |

| Measures | History (1) | | | | | | | | | | DTE 99-84 History | | | |
|-------------------------------------|-------------|--------|---------|---------|---------|---------|---------|---------|---------|---------|-------------------|--------|---------|---------|
| | 2001 | 2000 | 1999 | 1998 | 1997 | 1996 | 1995 | 1994 | 1993 | 1992 | 1991 | Sample | Average | Std Dev |
| <u>Customer Service and Billing</u> | | | | | | | | | | | | | | |
| % Calls Answered (2) | | 70.77% | 68.23% | 65.71% | 72.36% | | | | | | | 4 | 69.27% | 2.92% |
| % Services Appointments Met | | | | | | | | | | | | 0 | #DIV/0! | #DIV/0! |
| % On-Cycle Meter Reads | | 97.10% | 96.90% | 95.60% | 93.90% | | | | | | | 4 | 95.88% | 1.48% |
| <u>Safety and Reliability</u> | | | | | | | | | | | | | | |
| Lost Work Day - Electric | | 1.36 | 1.25 | 0.75 | 1.20 | 1.61 | 1.74 | 1.78 | 1.52 | 1.42 | 1.37 | 10 | 1.400 | 0.30 |
| Lost Work Day - Gas | | 3.32 | 6.10 | 9.43 | 10.00 | 9.38 | 9.97 | 11.37 | 14.41 | 11.01 | 10.94 | 10 | 9.593 | 3.02 |
| SAIDI - 5 yrs | | 107.0 | 106.5 | 89.5 | 105.4 | 125.2 | | | | | | 5 | 106.720 | 12.65 |
| SAIFI - 5 yrs | | 1.212 | 1.152 | 0.916 | 1.085 | 1.347 | | | | | | 5 | 1.142 | 0.16 |
| Class I & II Odor Calls | | 98.90% | 98.40% | 98.50% | | | | | | | | NA | NA | NA |
| <u>Consumer Division Statistics</u> | | | | | | | | | | | | | | |
| Consumer Division Cases | | 1,006 | 1,202 | 1,213 | 1,489 | 1,286 | 1,408 | 1,499 | 1,572 | 1,637 | 1,815 | 10 | 1,413 | 240 |
| Billing Adjustments | | 74,847 | 131,412 | 169,511 | 180,179 | 103,742 | 209,884 | 189,649 | 179,773 | 152,568 | 139,870 | 10 | 153,124 | 41,514 |

Notes

- (1) 12 Month period January to December.
(2) Telephone statistic based on Calls Handled within 30 seconds.